Basin Environmental Consulting, LLC

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Lovington, New Mexico 88260
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Effective Solutions

REMEDIATION SUMMARY

AND SITE CLOSURE REQUEST

Fairway Resources Operating, LLC

South Red Lake II Unit 30

Eddy County, New Mexico

UNIT O (SW/SE), Section 35, Township 17S, Range 27E

Latitude 32.7842665° North, Longitude 104.248332° West

Prepared For:

Fairway Resources Operating, LLC
538 Silicon Drive, Suite 101
Southlake, Texas 76092

Prepared By:
Basin Environmental Consulting, LLC

April 2010

Joel Lowry

Joel W. Lowry

Project Manager

Amended

TABLE OF CONTENTS

1.0 INTRODUCTION AND BACKGROUND INFORMATION

Basin Environmental Consulting, LLC (Basin), on behalf of Fairway Resources Operating, LLC (Fairway), has prepared this Remediation Summary and Site Closure Request for the release site known as South Red Lake II Unit 30. The legal description of the release site is SW ¼ SE ¼ (Unit Letter O), Section 35, Township 17 South, Range 27 East, in Eddy County, New Mexico. The property is owned by the United States Bureau of Land Management (BLM). The release site GPS coordinates are 32.7842665° North and 104.248332° West. A Site Location Map and a Site Map are provided as Figures 1 and 2, respectively. General site photographs are provided as Appendix B.

On September 27, 2009, Fairway received a Notice of Written Order from the United States Department of the Interior Bureau of Land Management (BLM). The Notice indicated reclamation of the site was due within six (6) months of plugging of the well. Fairway commenced site reclamation activities on November 12, 2009.

On November 12 and 13, 2009, Basin conducted delineation activities at the site. Four (4) delineation trenches were excavated to the north, south, east and west of the plugged well marker. The delineation trench installed to the east of the marker measured approximately forty-five (45) feet in length. Three (3) soil samples (Sample 2 @ 8', Sample 3 @ 2' and Sample 3 @ 4') were collected from the trench, submitted to the laboratory and analyzed for chloride concentrations utilizing EPA method 4500. A surface soil sample (Surface) was collected and submitted to the laboratory and analyzed for concentrations of benzene, toluene, ethyl-benzene and xylene (BTEX), total petroleum hydrocarbon (TPH) and chlorides using EPA SW-846 8021b, SW-846 8015M and 4500, respectively.

Laboratory analytical results indicated chloride concentrations ranged from 128 mg/Kg for soil sample Sample 3 @ 2' to 240 mg/Kg for soil sample Sample 2 @ 8'. Laboratory analytical results indicated the "Surface" soil sample exhibited a BTEX concentration of 3.376 mg/Kg, a TPH concentration of 9,725.9 mg/Kg and a chloride concentration of 19,600 mg/Kg. A summary of Concentrations of TPH, BTEX and Chlorides in Soil is provided as Table 1. Laboratory analytical reports are provided as Appendix C.

The delineation trench installed to the north of the marker measured approximately forty-two (42) feet in length. Three (3) soil samples (Sample 4 @ 2', Sample 4 @ 14.7' and Sample 6 @ 2') were collected and submitted to the laboratory. The soil samples were analyzed for chloride concentrations. Soil samples Sample 4 @ 2' and Sample 4 @ 14.7' were analyzed for concentrations of BTEX and TPH. Laboratory analytical results indicated chloride concentrations ranged from 464 mg/Kg for soil sample Sample 6 @ 2' to 5,040 mg/Kg for soil sample Sample 4 @ 2'. Laboratory analytical results indicated TPH concentrations ranged from 375.8 mg/Kg for soil sample Sample 4 @ 14.7' to 29,970 mg/Kg for soil sample Sample 4 @ 2'. BTEX concentrations ranged from 5.598 mg/Kg for soil sample Sample 4 @ 14.7' to 46.66 mg/Kg for soil sample Sample 4 @ 2'.

The delineation trench installed to the south of the marker measured approximately seventy-five (75) feet in length. Three (3) soil samples (Sample 8 @ 8', Sample 10 @ 2' and Sample 10 @

4') were collected and submitted to the laboratory and analyzed for chloride concentrations. Laboratory analytical results indicated chloride concentrations were 32 mg/Kg for all the submitted soil samples.

The delineation trench installed to the west of the marker measured approximately one hundred twenty-three (123) feet in length. Two (2) soil samples (Sample 14 @ 2' and Sample 14 @ 4') were collected and submitted to the laboratory and analyzed for chloride concentrations. Laboratory analytical results indicated chloride concentrations ranged from 16 mg/Kg for soil sample Sample 14 @ 4' to 48 mg/Kg for soil sample Sample 14 @ 2'.

Based on the laboratory analytical results of the soil samples collected from the delineation trenches, Fairway submitted a C-141 to the New Mexico Oil Conservation Division (NMOCD) Artesia Office indicating a release of unknown volume had occurred at the site. The Release Notification and Corrective Action is provided as Appendix D.

2.0 NMOCD SITE CLASSIFICATION

A search of the New Mexico Office of the State Engineer (NMOSE) database did not identify the average depth to groundwater information for Section 35, Township 17 South, Range 27 East. A reference map utilized by the NMOCD indicated the depth to groundwater at the release is approximately one hundred (100) feet below ground surface (bgs). Based on delineation activities, impact exists to approximately twenty five (25) feet bgs at the site. This depth to groundwater results in a score of ten (10) points being assigned to the site based on the NMOCD depth to groundwater criteria.

The water well database, maintained by the NMOSE, indicated there are no water wells less than 1,000 feet from the release site. Based on the NMOCD ranking system, zero (0) points will be assigned to this site as a result of the criterion.

There are no surface water bodies located within 1,000 feet of the site. Based on the NMOCD ranking system zero (0) points will be assigned to the site as a result of the criterion.

The NMOCD guidelines indicate the South Red Lake II Unit 30 release site has a ranking score of ten (10). Based on this score, the soil remediation levels for a site with a ranking score of ten (10) points are as follows:

- Benzene – 10 mg/Kg (ppm)
- BTEX – 50 mg/Kg (ppm)
- TPH – 1,000 mg/Kg (ppm)

The NMOCD chloride clean up level concentrations are site specific and will be 1,270 mg/Kg due to background concentrations at a previously remediated site in the area.

3.0 SUMMARY OF RECENT FIELD ACTIVITIES

On February 25, 2010, Basin began excavation of the impacted soil at the site. Approximately four hundred (400) cubic yards (cy) of impacted soil was transported to Lea Land (NMOCD permit #WM-01-035) for disposal. The area adjacent to the plugged well marker and extending approximately thirteen (13) feet to the north, south, east and west was excavated to approximately eighteen (18) feet bgs. Soil samples were collected from the floor of the excavation at sixteen (16), eighteen (18) and twenty (20) feet bgs and field screened for chloride concentrations using a chloride field test kit. The field results indicated chloride concentrations of 4,800 mg/Kg in the soil samples collected at sixteen (16) and eighteen (18) feet and 6,664 mg/Kg in the soil sample collected at twenty (20) feet bgs.

On March 8, 2010, one (1) soil boring (SB-1) was advanced approximately ten (10) feet west of the plugged well marker, to investigate the vertical extent of soil impact. Soil boring logs are provided as Appendix A. Soil samples were collected at five (5) foot drilling intervals and field screened using a Photo-Ionization Detector (PID), and a chloride field test kit. Selected soil samples were submitted to the laboratory for determination of concentrations of BTEX, TPH and chlorides.

Soil boring SB-1 was installed to a total depth of approximately forty (40) feet bgs. The excavation was partially backfilled to allow drilling activities to be conducted in the area surrounding the plugged well marker, no soil samples were collected from surface to twenty (20) feet bgs. Soil samples collected at twenty (20), twenty five (25), thirty (30), thirty five (35) and forty (40) feet bgs were submitted to the laboratory for analysis. Laboratory analytical results indicated benzene concentrations ranged from less than the laboratory method detection limit (MDL) for soil samples collected at twenty (20), thirty (30), thirty five (35) and forty (40) feet bgs to 0.081 mg/Kg for the soil sample collected at twenty five (25) feet bgs. BTEX concentrations ranged from less than the laboratory MDL for the soil sample collected at forty (40) feet bgs to 5.282 mg/Kg for the soil sample collected at twenty five (25) feet bgs. TPH concentrations ranged from 74.4 mg/Kg for the soil sample collected at forty (40) feet bgs to 648.4 mg/Kg for the soil sample collected at twenty five (25) feet bgs. Chloride concentrations ranged from 96 mg/Kg for the soil sample collected at forty (40) feet bgs to 2,560 mg/Kg for the soil sample collected at twenty (20) feet bgs. Please reference Table 1 for concentrations of BTEX, TPH and chlorides in soil samples from SB-1.

On behalf of Fairway Resources, Basin prepared a Remediation Summary and Site Closure Strategy in March 2010. Upon receiving verbal approval of the proposed closure strategy remediation activities commenced.

Beginning on March 17, 2010, the impacted area surrounding the plugged well marker was excavated to a total depth of approximately ten (10) feet bgs. Excavation sidewalls were advanced until PID and chloride field test indicated TPH and chloride concentrations were below the NMOCD regulatory standards. Approximately 2,100 cy of impacted soil was excavated and transported to Lea Land for disposal. The final dimensions of the excavation were approximately eighty (85) feet in length, forty (40) feet in width and ten (10) feet in depth.

On March 19, 2010, four (4) sidewall soil samples (North SW @ 9', West SW @ 9', South SW @ 9', East SW @ 9') were collected and submitted to the laboratory for analysis of BTEX, TPH and chlorides. Laboratory analytical results indicated concentrations of BTEX were less than the appropriate laboratory MDL for all submitted soil samples. Laboratory analytical results indicated concentrations of TPH were less than the appropriate laboratory MDL for all submitted soil samples. Laboratory analytical results indicated chloride concentrations ranged from 98 mg/Kg for soil sample South SW @ 9' to 1,150 mg/Kg for soil sample East SW @ 9'. Please reference Table 1 for concentrations of BTEX, TPH and chlorides in sidewall (SW) soil samples.

On March 29, 2010, a twenty (20) mil polyurethane liner was installed in the excavation. The plugged and abandoned well casing was fitted with a forty (40) mil boot and chemically welded to the twenty (20) mil liner to protect to impermeability of the liner. The liner was cushioned by a six (6) inch layer of sand above and below the liner to protect the liner from damage during excavation backfilling activities. The excavation was backfilled with locally purchased non-impacted soil and compacted in twelve (12) inch lifts. Following backfill activities, areas disturbed by the remediation activities were contoured to fit the surrounding topography and reseeded with a mixture of BLM #3 and BLM #4 seed.

4.0 QA/QC PROCEDURES

4.1 Soil Sampling

Soil samples were delivered to Cardinal Laboratories, Inc. in Hobbs, New Mexico for BTEX and/or TPH and/or chloride analyses using the methods described below. Soil samples were analyzed for BTEX and/or TPH and/or chloride within fourteen days following the collection date.

The soil samples were analyzed as follows:

- BTEX concentrations in accordance with EPA Method 8021B, 5030
- TPH-GRO/DRO concentrations in accordance with modified EPA Method 8015M GRO/DRO
- Chloride concentrations in accordance with EPA Method 4500

4.2 Decontamination of Equipment

Cleaning of the sampling equipment was the responsibility of the environmental technician. Prior to use, and between each sample, the sampling equipment was cleaned with Liqui-Nox® detergent and rinsed with distilled water.

4.3 Laboratory Protocol

The laboratory was responsible for proper QA/QC procedures after signing the chain-of-custody form. These procedures were either transmitted with the laboratory reports or are on file at the laboratory.

5.0 SITE CLOSURE REQUEST

Based on the analytical results of confirmation soil samples, Basin recommends Fairway Resources provide the NMOCD Artesia District Office and the BLM Carlsbad District Office, a copy of this Remediation Summary and Site Closure Request and request the NMOCD and BLM grant site closure to the South Red Lake II Unit # 30 release site.

6.0 LIMITATIONS

Basin Environmental Consulting, LLC has prepared this Remediation Summary and Site Closure Strategy to the best of its ability. No other warranty, expressed or implied, is made or intended.

Basin Environmental Consulting, LLC has examined and relied upon documents referenced in the report and has relied on oral statements made by certain individuals. Basin Environmental Consulting, LLC has not conducted an independent examination of the facts contained in referenced materials and statements. We have presumed the genuineness of the documents and that the information provided in documents or statements is true and accurate. Basin Environmental Consulting, LLC has prepared this report, in a professional manner, using the degree of skill and care exercised by similar environmental consultants. Basin Environmental Consulting, LLC also notes that the facts and conditions referenced in this report may change over time and the conclusions and recommendations set forth herein are applicable only to the facts and conditions as described at the time of this report.

This report has been prepared for the benefit of Fairway Resources Operating, LLC. The information contained in this report, including all exhibits and attachments, may not be used by any other party without the express consent of Basin Environmental Consulting, LLC and/or Fairway Resources Operating, LLC.

7.0 DISTRIBUTION:

Copy 1: Sherry Bonham
New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division (District 2)
1301 E. Grand Avenue
Artesia, New Mexico 88210

Copy 2: Jim Amos
Bureau Of Land Management
602 E. Greene Street
Carlsbad, New Mexico 88220

Copy 3: Jay Pulte
Fairway Resources Operating, LLC.
538 Silicon Drive,
Suite 101
Southlake, Texas 76092

Copy 4: Basin Environmental Consulting, LLC
P.O. Box 381
Lovington, New Mexico 88260

Figures

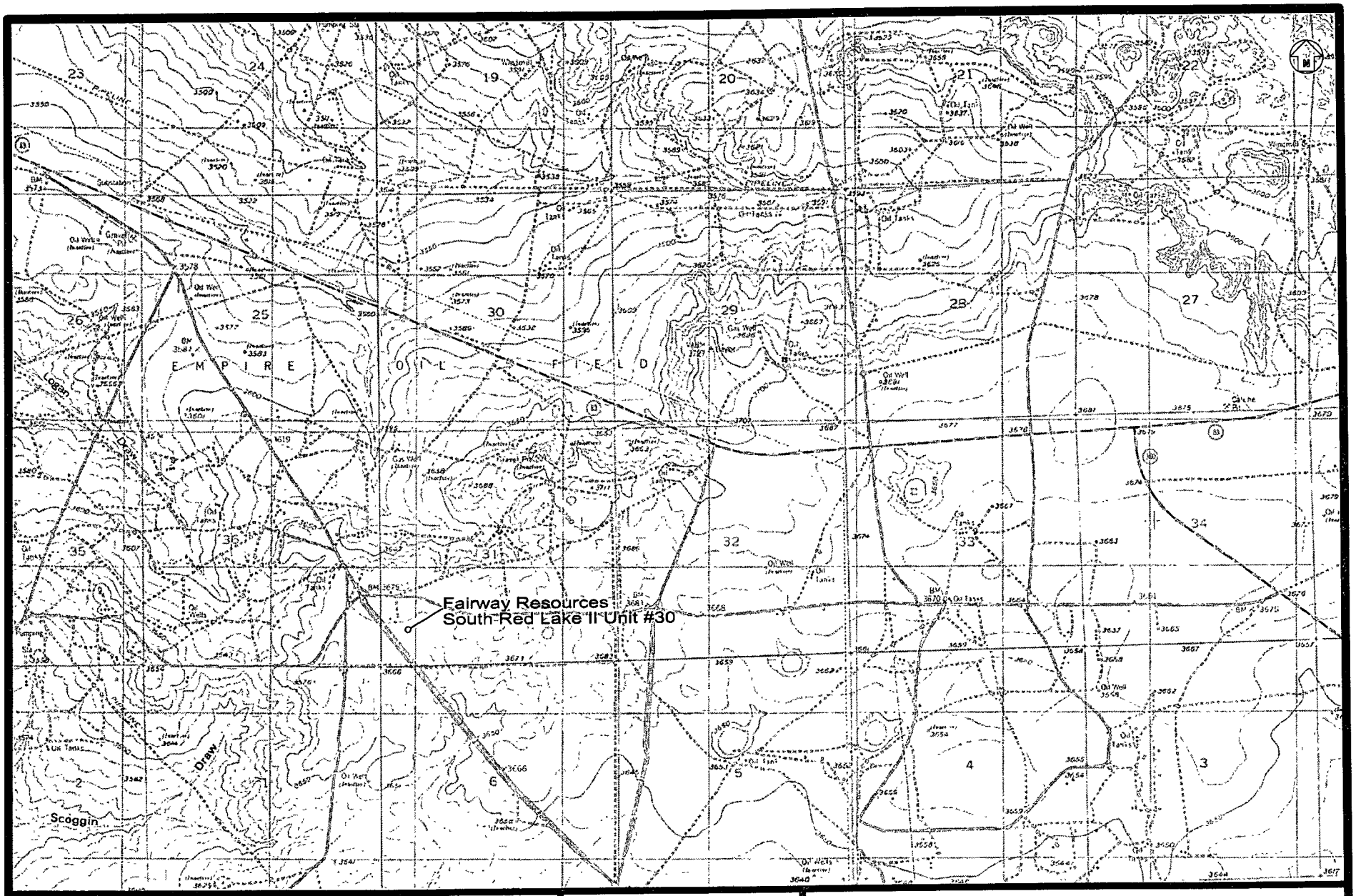
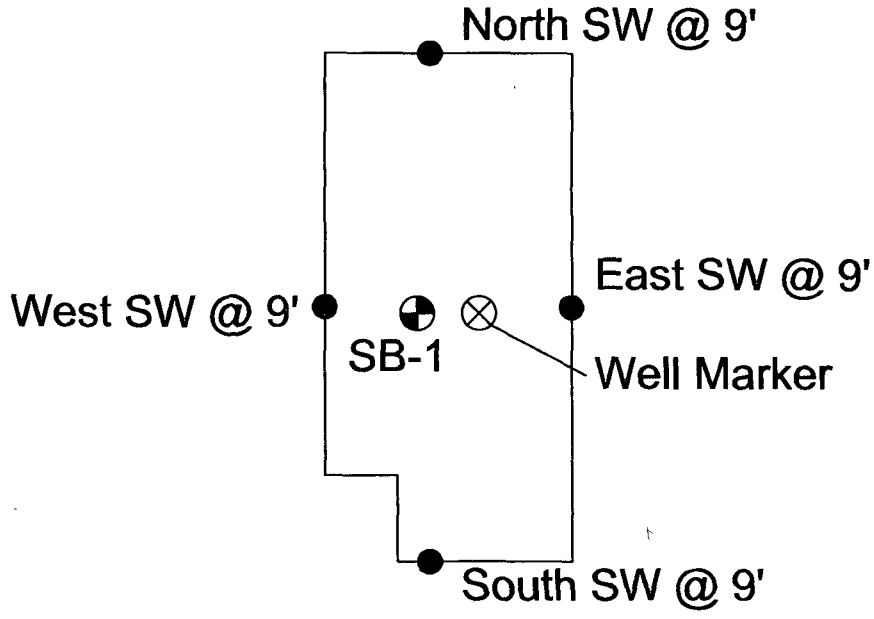


Figure 1
Site Location Map
Fairway Resources
South Red Lake II
Unit #30
Eddy County, New Mexico

Basin Environmental Consulting

Prep By: CDS	Checked By: CDS
October 15, 2009	Scale 1"=3000'



30 15 0 15 30

Distance in Feet

LEGEND:

- Excavation Extent
- Sample Location
- Well Marker
- Soil Boring Location

Figure 2

Site and Sample Location Map

South Red Lake II Unit #30
Fairway Resources, LLC
Eddy County, NM

Basin Environmental Consulting

Scale: 1" = 30'	Drawn By: CDS	Prepared By: CDS
April 19, 2010		

Tables

TABLE 1

CONCENTRATIONS OF TPH, BTEX AND CHLORIDES IN SOIL

FAIRWAY RESOURCES, LLC
SOUTH RED LAKE II UNIT 30
EDDY COUNTY, NEW MEXICO

SAMPLE LOCATION	SAMPLE DATE	EPA SW 846-8021B, 5030				SW 848-8015M					CL 4500
		BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL-BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)	GRO C_6-C_{10} (mg/Kg)	DRO C_{10}-C_{28} (mg/Kg)	TOTAL TPH C_6-C_{28} (mg/Kg)	DRO ext. C_{28}-C_{35} (mg/Kg)	TOTAL TPH C_6-C_{35} (mg/Kg)	CHLORIDE (mg/Kg)
Surface	11/12/09	<0.100	0.119	0.677	2.58	45.9	9,680	9,725.9	-	-	19,600
Sample 2 @ 8'	11/12/09	-	-	-	-	-	-	-	-	-	240
Sample 3 @ 2'	11/12/09	-	-	-	-	-	-	-	-	-	128
Sample 3 @ 4	11/12/09	-	-	-	-	-	-	-	-	-	224
Sample 4 @ 2'	11/12/09	8 74	6.22	12.9	18 8	2,570	27,400	29,970	-	-	5,040
Sample 4 @ 14.7'	11/12/09	0.827	0.641	1.52	2 61	13.8	362	375.8	-	-	3,800
Sample 6 @ 2'	11/13/09	-	-	-	-	-	-	-	-	-	464
Sample 8 @ 8'	11/13/09	-	-	-	-	-	-	-	-	-	32
Sample 10 @ 2'	11/13/09	-	-	-	-	-	-	-	-	-	32
Sample 10 @ 4'	11/13/09	-	-	-	-	-	-	-	-	-	32
Sample 14 @ 2'	11/13/09	-	-	-	-	-	-	-	-	-	48
Sample 14 @ 4'	11/13/09	-	-	-	-	-	-	-	-	-	16
SB-1 @ 20'	03/08/10	<0 050	0 143	<0 050	<0.300	10.9	117	127.9	48.4	176.3	2,560
SB-1 @ 25'	03/08/10	0.081	0.271	2.2	2.73	95.4	432	527.4	121	648.4	2,200
SB-1 @ 30'	03/08/10	<0.050	<0.050	0.334	0 541	10 6	130	140.6	83	223 6	208
SB-1 @ 35'	03/08/10	<0.050	<0.050	0.064	<0.300	<10.0	62.9	62.9	44	106.9	112
SB-1 @ 40'	03/08/10	<0.050	<0.050	<0.050	<0.300	<10.0	40.1	40.1	34 3	74.4	96
North SW @ 9'	03/19/09	<0.050	<0.050	<0.050	<0 300	<10.0	<10.0	<10.0	<10.0	<10.0	490
West SW @ 9'	03/19/09	<0 050	<0.050	<0.050	<0.300	<10.0	<10.0	<10.0	<10 0	<10.0	500
South SW @ 9'	03/19/09	<0.050	<0.050	<0 050	<0.300	<10.0	<10.0	<10.0	<10 0	<10.0	98
East SW @ 9'	03/19/09	<0.050	<0 050	<0.050	<0.300	<10.0	<10.0	<10.0	<10.0	<10.0	1,150
NMOCD Regulatory Standard		10								5,000	1,270

(*) NOTE: Chloride "standard" is based on previously established "background" levels for this area.

Appendices

Appendix A
Soil Boring Logs

Soil Boring SB-1

Depth below ground surface	Soil Columns	Chloride Field Test	PID Reading	Petroleum Odor	Petroleum Stain	Soil Description
0						Backfill
5						
10						
15						
20		2,424		Moderate	None	20' - Sand, reddish brown, silty, fine grained with moderate amounts of clay and gravel, moist
25		2,088		Heavy	Heavy	20 - 25' - Limestone, tannish, loosely consolidated rock, gravel, clasts, heavily saturated, black with high clay content at 23 - 24' At 24' gypsum, black to grey.
30		220	150	Slight	None	
35		132	50	Slight	None	25 - 40' - Gypsum, whitish grey
40		132	50	Very Slight	None	

Soil Boring SB-1

Date Drilled 3/8/2010
Thickness of Bentonite Seal 40 Ft
Depth of Exploratory Boring 40 Ft bgs
Depth to Groundwater
Ground Water Elevation

▼ Indicates the PSH level measured on
▼ Indicates the groundwater level measured on
⬭ Indicates samples selected for Laboratory Analysis
PID Head-space reading in ppm obtained with a photo-ionization detector

Completion Notes

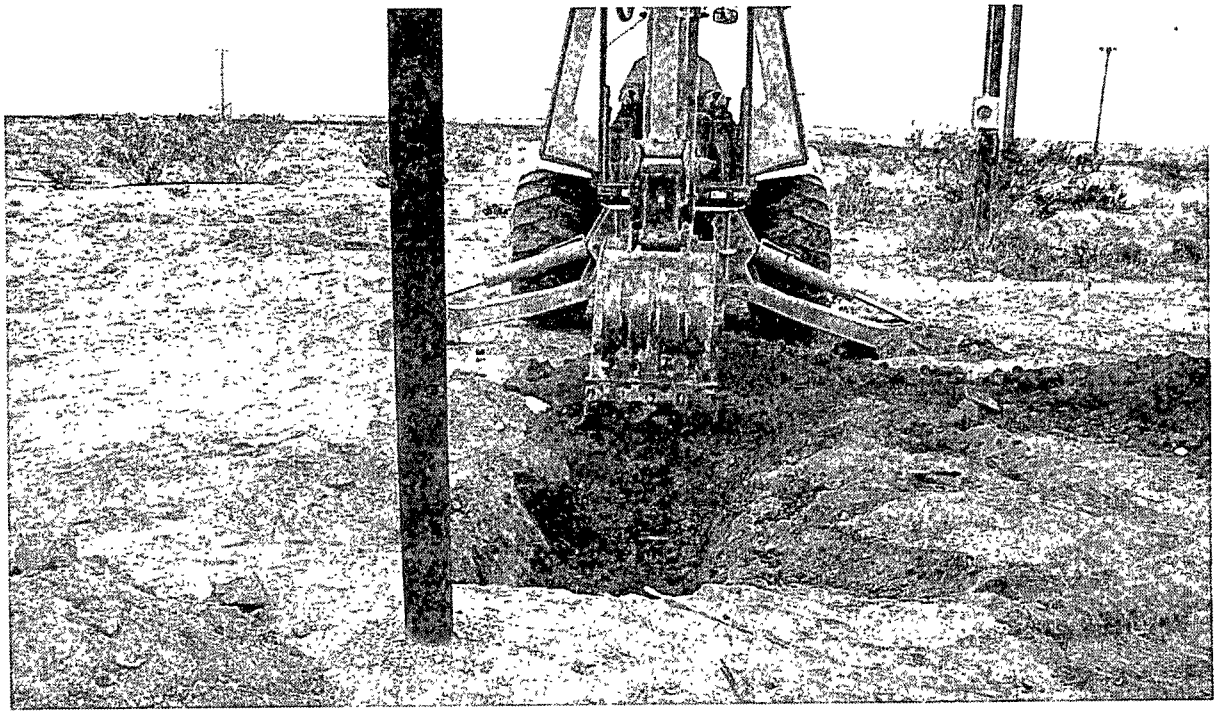
1) The soil boring was advanced on date using air rotary drilling techniques
2) The lines between material types shown on the profile log represent approximate boundaries Actual transitions may be gradual

Soil Boring SB-1
Fairway Resources
South Red Lake Unit #30
Eddy County, New Mexico

Basin Environmental Consulting

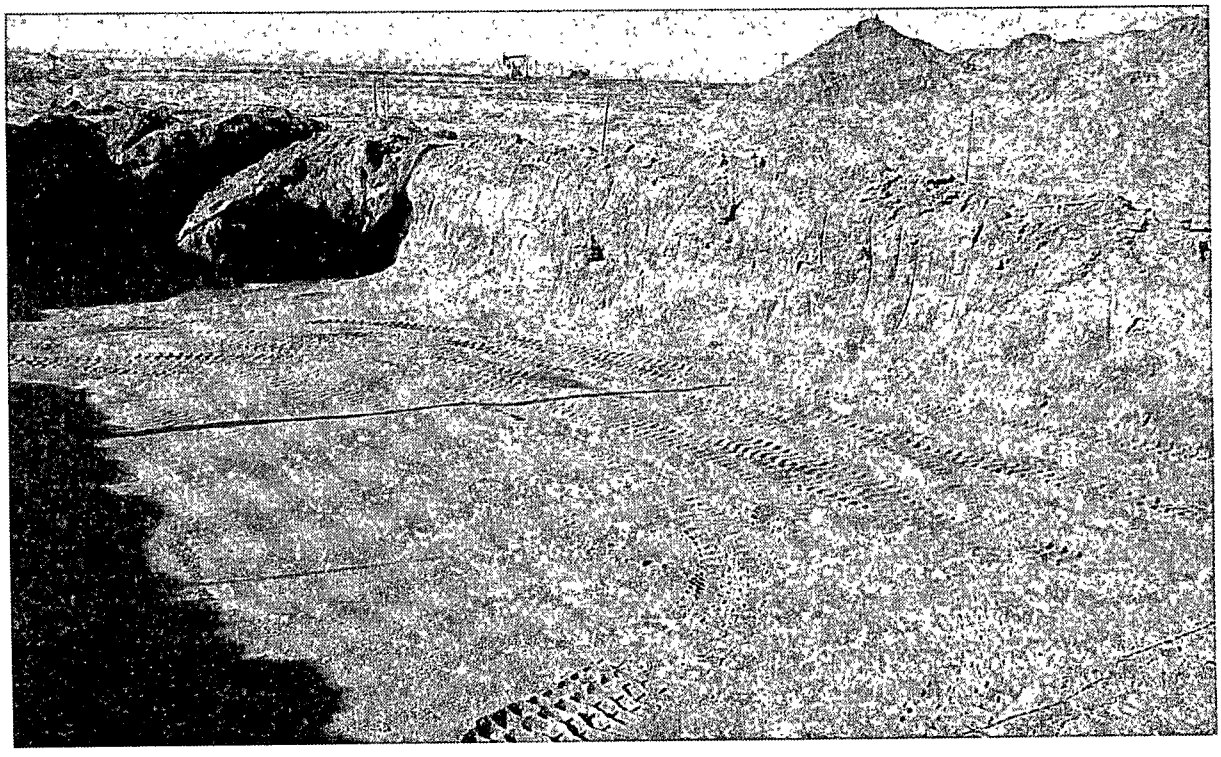
Prep By CDS	Checked By CJB
April 19, 2010	

Appendix B
Photographs

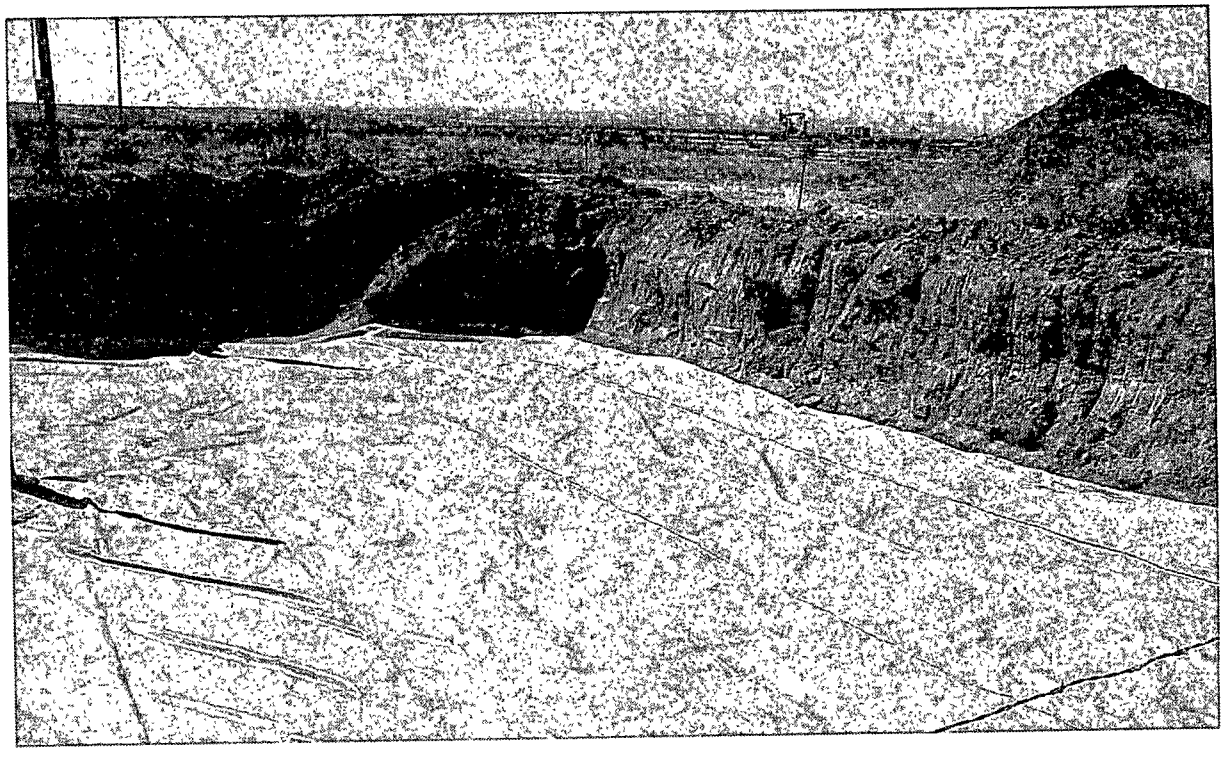


Excavating Delineation Trench at the South Red Lake II Unit # 30 Release Site

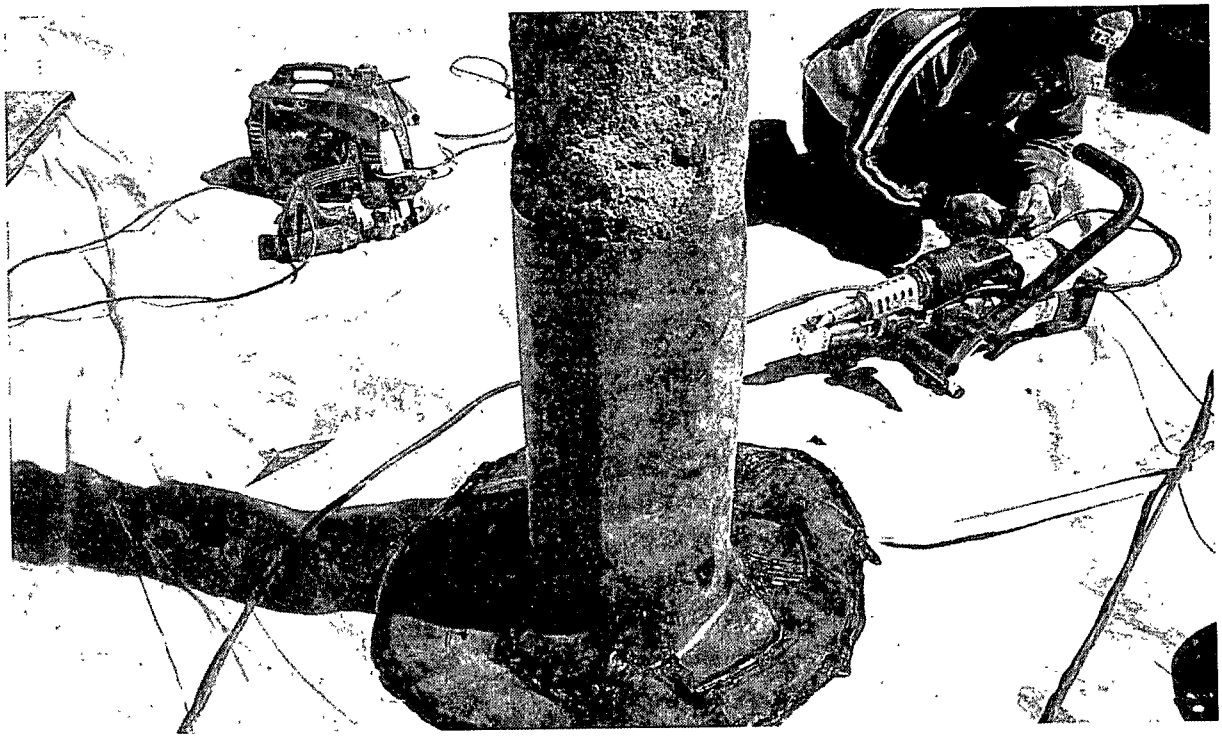
Visually Impacted Area at the South Red Lake II Unit # 30 Release Site



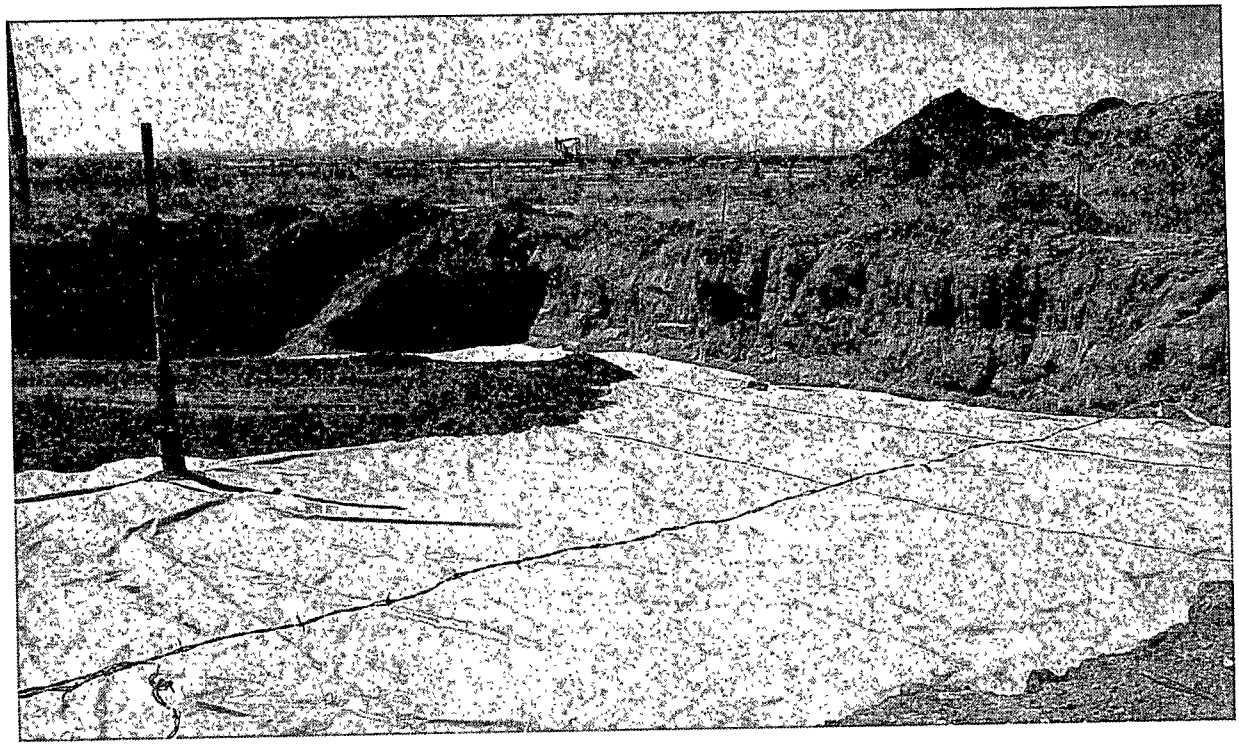
Six (6) Inch Lift of Sand Beneath Liner at the South Red Lake II Unit # 30 Release Site



Twenty (20) Mil Liner in Excavation at South Red Lake II Unit # 30 Release Site



Forty (40) mil Poly Boot at the South Red Lake II Unit #30 Release Site



Six (6) Inch Sand Lift above Liner at South Red Lake II Unit # 30

Appendix C
Laboratory Analytical Reports

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

November 19, 2009

Camille Bryant
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: SRLU 30 (Fairway)

Enclosed are the results of analyses for sample number H18739, received by the laboratory on 11/17/09 at 12:21 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited though the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 5 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING, LLC
ATTN: CAMILLE BRYANT
P.O. BOX 381
LOVINGTON, NM 88260
FAX TO: (575) 396-1429

Receiving Date: 11/17/09
Reporting Date: 11/19/09
Project Number: SRLU 30 (FAIRWAY)
Project Name: SRLU 30
Project Location: EDDY CO., NM

Analysis Date: 11/18/09
Sampling Date: 11/12/09 & 11/13/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 1.5°C
Sample Received By: ML
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl^- (mg/kg)
H18739-1	SURFACE	19,600
H18739-2	SAMPLE 3 @ 2'	128
H18739-3	SAMPLE 3 @ 4'	224
H18739-4	SAMPLE 2 @ 8'	240
H18739-5	SAMPLE 4 @ 2'	5,040
H18739-6	SAMPLE 4 @ 14.7'	3,800
H18739-7	SAMPLE 6 @ 2'	464
H18739-8	SAMPLE 8 @ 8'	32
H18739-9	SAMPLE 10 @ 2'	32
H18739-10	SAMPLE 10 @ 4'	32
H18739-11	SAMPLE 14 @ 2'	48
H18739-12	SAMPLE 14 @ 4'	16
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		< 0.1

METHOD: Standard Methods	4500-ClˉB

Note: Analyses performed on 1:4 w:v aqueous extracts.

Chemist

11/19/09
Date

H18739 Basin Environmental

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL
ATTN: CAMILLE BRYANT
2800 PLAINS HWY
LOVINGTON, NM 88260

Receiving Date: 11/17/09
Reporting Date: 11/19/09
Project Number: SRLU 30 (FAIRWAY)
Project Name: SRLU 30
Project Location: EDDY CO. NM

Sampling Date: 11/12/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 1.5°C
Sample Received By: ML
Analyzed By: CK/ZL

LAB NO. SAMPLE ID	GRO (C_6-C_{10}) (mg/kg)	DRO (>C_{10}-C_{28}) (mg/kg)	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE:	11/17/09	11/17/09	11/18/09	11/18/09	11/18/09	11/18/09
H18739-1 SURFACE	45.9	9,680	<0.100	0.119	0.677	2.58
H18739-5 SAMPLE 4 @ 2'	2,570	27,400	8.74	6.22	12.9	18.8
H18739-6 SAMPLE 4 @ 14.7'	13.8	362	0.827	0.641	1.52	2.61
Quality Control	472	530	0.048	0.046	0.051	0.133
True Value QC	500	500	0.050	0.050	0.050	0.150
% Recovery	94.4	106	96.0	92.0	102	88.7
Relative Percent Difference	1.3	0.5	<1.0	<1.0	1.3	2.3

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B
Reported on wet weight.

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Not accredited for GRO/DRO.

Lab Director

11/19/09
Date

H18739 TBCL BASIN

CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240
(575) 393-2326 Fax (575) 393-2476

Company Name:	Basin Consulting	**BILL TO**	
Project Manager:	Camille Bryant	P.O. #:	
Address:	2800 Plains Hwy	Company:	Fairway Resources
City:	Lovington State: NM Zip: 88260	Attn:	
Phone #:	(575) 396-2378 Fax #: (575) 396-1429	Address:	
Project #:	SRLU 30 Project Owner: Fairway	City:	
Project Name:	SRLU 30	State: Zip:	
Project Location:	Eddy, Co	Phone #:	
Sampler Name:	Camille Bryant	Fax #:	

ANALYSIS REQUEST

FOR LAB USE ONLY Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX: GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER :	PRESERV.: ACID/BASE:	ICE / COOL	OTHER	SAMPLING 2009 DATE	TIME	Chloride 4500	TPH 8015M, Extended	BTEX 8021B
H18739-1	Surface	G	1			X							11/12	0900	X	X	X
-2	Sample 3 @ 2'	G	1			X							11/12	1045	X		
-3	Sample 3 @ 4'	G	1			X							11/12	1100	X		
-4	Sample 2 @ 8'	G	1			X							11/12	1015	X		
-5	Sample 4 @ 2'	G	1			X							11/12	1330	X	X	X
-6	Sample 4 @ 14.7'	G	1			X							11/12	1515	X	X	X
-7	Sample 6 @ 2'	G	1			X							11/13	0830	X		
-8	Sample 8 @ 8'	G	1			X							11/13	1045	X		
-9	Sample 10 @ 2'	G	1			X							11/13	1230	X		
-10	Sample 10 @ 4'	G	1			X							11/13	1250	X		

Sampler Relinquished: Camille Bryant	Date: 11/17/09 Time: 1105	Received By: B K Blakemore	Phone Result: ☐	No	Add'l Phone #:
Relinquished By: B K Blakemore	Date: 11-17-09 Time: 12:21	Received By: Misty Lee Burt	Fax Result: ☐	No	Add'l Fax #:
Delivered By: (Circle One) Sampler - UPS - Bus - Other:	Temp. 1.5°C #216	Sample Condition: Cool ☑ Yes ☐ No; Intact ☑ Yes ☐ No	CHECKED BY: (Initials) MCB		REMARKS:

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240
(575) 393-2326 Fax (575) 393-2476

Company Name:	BASIN Consulting	BILL TO	
Project Manager:	Camille Bryant	P.O. #:	
Address:	2800 Plains Hwy	Company:	Fairway Resources
City:	Lovington State: NM Zip: 88260	Attn:	
Phone #:	(575) 396-2378 Fax #: (575) 396-1429	Address:	
Project #:	Project Owner: Fairway	City:	
Project Name:	SRLL 30	State: Zip:	
Project Location:	Eddy Co	Phone #:	
Sampler Name:	Camille Bryant	Fax #:	

ANALYSIS REQUEST: chloride 4500

FOR LAB USE ONLY Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP	# CONTAINERS	MATRIX: GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER :	PRESERV.: ACID/BASE:	ICE / COOL	OTHER :	SAMPLING DATE	SAMPLING TIME	chloride 4500
H18739-11	Sample 14 @ 2'	G	1			X							11/13	1600	X
-12	Sample 14 @ 4'	G	1			X							11/13	1615	X

PLEASE NOTE: Liability and damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Sampler Relinquished: Camille Bryant	Date: 11/17/09 Time: 1105	Received By:	Phone Result: ☐	No	Add'l Phone #:
Relinquished By:	Date: 11-17-09 Time: 12:21	Received By:	Fax Result: ☐	No	Add'l Fax #:
Delivered By: (Circle One) Sampler - UPS - Bus - Other:	Temp. 1.5°C #76	Sample Condition Cool: ☑ Yes ☐ No Intact: ☑ Yes ☐ No	CHECKED BY: (Initials)		REMARKS:

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

March 10, 2010

Camille Bryant
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: SRLU #30 (Fairway)

Enclosed are the results of analyses for sample number H19403, received by the laboratory on 03/08/10 at 4:25 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited though the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 4 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING, LLC
ATTN: CAMILLE BRYANT
P.O. BOX 381
LOVINGTON, NM 88260
FAX TO: (575) 396-1429

Receiving Date: 03/08/10
Reporting Date: 03/10/10
Project Number: SRLU #30 (FAIRWAY)
Project Name: SRLU #30
Project Location: EDDY CO., NM

Analysis Date: 03/09/10
Sampling Date: 03/08/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4°C
Sample Received By: JH
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl^- (mg/kg)
H19403-1	SB-1 @ 20'	2,560
H19403-2	SB-1 @ 25'	2,200
H19403-3	SB-1 @ 30'	208
H19403-4	SB-1 @ 35'	112
H19403-5	SB-1 @ 40'	96
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		< 0.1

METHOD: Standard Methods	4500-Cl^-B

Note: Analyses performed on 1:4 w:v aqueous extracts.

Chemist

03/10/10
Date

H19403 Basin Environmental

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING, LLC
ATTN: CAMILLE BRYANT
2800 PLAINS HWY
LOVINGTON, NM 88260
FAX TO: (575) 396-1429

Receiving Date: 03/08/10
Reporting Date: 03/10/10
Project Owner: FAIRWAY (SRLU #30)
Project Name: SRLU #30
Project Location: EDDY CO., NM

Sampling Date: 03/08/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 4°C
Sample Received By: JH
Analyzed By: AB/ZL

LAB NO.	SAMPLE ID	GRO (C_6-C_{10}) (mg/kg)	DRO (>C_{10}-C_{28}) (mg/kg)	DRO ext. (>C_{28}-C_{35}) (mg/kg)	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE:		03/09/10	03/09/10	03/09/10	03/09/10	03/09/10	03/09/10	03/09/10
H19403-1	SB-1 @ 20'	10.9	117	48.4	<0.050	0.143	<0.050	<0.300
H19403-2	SB-1 @ 25'	95.4	432	121	0.081	0.271	2.20	2.73
H19403-3	SB-1 @ 30'	10.6	130	83.0	<0.050	<0.050	0.334	0.541
H19403-4	SB-1 @ 35'	<10.0	62.9	44.0	<0.050	<0.050	0.064	<0.300
H19403-5	SB-1 @ 40'	<10.0	40.1	34.3	<0.050	<0.050	<0.050	<0.300
Quality Control		492	585	-	0.060	0.057	0.054	0.156
True Value QC		500	500	-	0.050	0.050	0.050	0.150
% Recovery		98.4	117	-	120	114	108	104
Relative Percent Difference		0.6	18.0	-	<1.0	5.3	11.8	11.7

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B.

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight. Not accredited for GRO/DRO/DRO ext.

Lab Director

03/10/10
Date

H19403 TPHextBTEX BASIN

CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240
(575) 393-2326 Fax (575) 393-2476

Page 1 of 1

Company Name:	BASIN ENV. Consulting
Project Manager:	Camille Bryant
Address:	2800 Plains Hwy
City:	Lovington State: NM Zip: 88260
Phone #:	(575)605-7216 Fax #: (575)396-1429
Project #:	SRLU #30 Project Owner: Saunders
Project Name:	SRLU #30
Project Location:	Eddy Co, NM
Sampler Name:	Camille Bryant

BILL TO

P.O. #:	
Company:	
Attn:	
Address:	
City:	
State:	Zip:
Phone #:	
Fax #:	

Rush: Chlorides 4500 - TPH 8015M extended - BTEX 8021B Rush

ANALYSIS REQUEST

FOR LAB USE ONLY Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX: GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	PRESERV.: ACID/BASE:	ICE / COOL	OTHER:	SAMPLING 2010 DATE	TIME	Chlorides 4500	TPH 8015M extended	BTEX 8021B Rush
H19403-1	SB-1 @ 20'	G	1			X					X		3/8	930	X	X	X
-2	SB-1 @ 25'													945	X	X	X
-3	SB-1 @ 30'													1000	X	X	X
-4	SB-1 @ 35'													1025	X	X	X
-5	SB-1 @ 40'													1055	X	X	X

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished:	Date: 5/8/10	Received By:	
Camille Bryant	Time: 4:25		
Relinquished By:	Date: 5/8/10	Received By:	Jodi Henson
	Time: 4:25		

Delivered By: (Circle One)
Sampler - UPS - Bus - Other:

Temp. 4°C | Sample Condition: Cool ☑ Yes ☐ No; Intact ☑ Yes ☐ No | CHECKED BY: (Initials) JH

Phone Result: ☐ No Add'l Phone #:
Fax Result: ☐ No Add'l Fax #:
REMARKS:

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

#26

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

March 23, 2010

Camille Bryant
Basin Environmental Consulting, LLC.
P.O. Box 381
Lovington, NM 88260

Re: SRLU #30 (Fairway)

Enclosed are the results of analyses for sample number H19500, received by the laboratory on 03/228/10 at 7:53 am.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited though the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 4 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING
ATTN: CAMILLE BRYANT
2800 PLAINS HWY
LOVINGTON, NM 88260
FAX TO: (575) 396-1429

Receiving Date: 03/22/10
Reporting Date: 03/23/10
Project Number: FAIRWAY RES.
Project Name: SRLU # 30
Project Location: SRLU # 30

Sampling Date: 03/19/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 2.5 °C
Sample Received By: JH
Analyzed By: ZL

LAB NUMBE SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE	03/22/10	03/22/10	03/22/10	03/22/10
H19500-1 NORTH SW @ 9'	<0.050	<0.050	<0.050	<0.300
H19500-2 WEST SW @ 9'	<0 050	<0.050	<0.050	<0.300
H19500-3 SOUTH SW @ 9'	<0.050	<0.050	<0.050	<0.300
H19500-4 EAST SW @ 9'	<0.050	<0.050	<0.050	<0.300
Quality Control	0.056	0.042	0.045	0.128
True Value QC	0.050	0.050	0.050	0.150
% Recovery	112	84.0	90.0	85.3
Relative Percent Difference	2.9	7.8	3.4	3.6

METHOD: EPA SW-846 8021B

TEXAS NELAP CERTIFICATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight.

Chemist

03/23/10
Date

H19500 B. Basin

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
BASIN ENVIRONMENTAL CONSULTING
ATTN: CAMILLE BRYANT
P.O. BOX 381
LOVINGTON, NM 88260
FAX TO: (575) 396-1429

Receiving Date: 03/22/10
Reporting Date: 03/23/10
Project Owner: FAIRWAY RESOURCES
Project Name: SRLU #30
Project Location: SRLU #30

Sampling Date: 03/19/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 2.5°C
Sample Received By: JH
Analyzed By: AB/SJ

LAB NUMBER	SAMPLE ID	GRO (C_6-C_{10}) (mg/kg)	DRO (>C_{10}-C_{28}) (mg/kg)	DRO ext. (>C_{28}-C_{35}) (mg/kg)	Cl* (mg/kg)
ANALYSIS DATE		03/23/10	03/23/10	03/23/10	03/22/10
H19500-1	NORTH SW @ 9'	<10.0	<10.0	<10.0	464
H19500-2	WEST SW @ 9'	<10.0	<10.0	<10.0	880
H19500-3	SOUTH SW @ 9'	<10.0	<10.0	<10.0	144
H19500-4	EAST SW @ 9'	<10.0	<10.0	<10.0	1,150
Quality Control		526	583	-	490
True Value QC		500	500	-	500
% Recovery		105	117	-	98
Relative Percent Difference		2.9	0.5	-	2.1

METHODS: TPH GRO & DRO: EPA SW-846 8015 M extended; Cl^-: Std. Methods 4500-Cl^-B
*Analyses performed on 1:4 w:v aqueous extracts. Reported on wet weight.
**C35 peak less than 75% of C28 peak.

Lab Director

03/23/10
Date

H19500 TPHEXTCL BASIN

CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240
(575) 393-2326 Fax (575) 393-2476

Company Name: Basin Environmental Consulting	**BILL TO**
Project Manager: Camille Bryant	P.O. #:
Address: P.O. Box 301	Company: Basin Cons.
City: Lovington State: NM Zip: 88260	Attn:
Phone #: 575-605-7210 Fax #: 505-396-1429	Address: P.O. Box 301
Project #: Project Owner: Fairway Res.	City: Lovington
Project Name: SRLU #30	State: NM Zip: 88260
Project Location: SRLU #30	Phone #: 575-605-7210
Sampler Name: J. Lowry	Fax #:

ANALYSIS REQUEST

FOR LAB USE ONLY Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX: GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER :	PRESERV.: ACID/BASE	ICE / COOL	OTHER :	SAMPLING: DATE	TIME	Chloride 4500	BTEX 8021B	TPH 8015M Extended
H19500-1	North SW @ 9'		1			X					X		3/19	9:30	X	X	X
-2	West SW @ 9'		1			X					X		3/19	11:45	X	X	X
-3	South SW @ 9'		1			X					X		3/19	10:15	X	X	X
-4	East SW @ 9'		1			X					X		3/19	12:15	X	X	X

2010

Sampler Relinquished: Joe Lowry	Date: 3/22/10 Time: 7:30	Received By:	Phone Result: ☐ No Add'l Phone #:
Relinquished By:	Date: 3/22/10 Time: 7:53	Received By: Jodi Henson	Fax Result: ☐ No Add'l Fax #:
Delivered By: (Circle One) Sampler - UPS - Bus - Other:	Temp. 2.5°C	Sample Condition: Cool ☑ Yes ☐ No; Intact ☑ Yes ☐ No	CHECKED BY: (Initials) JH

REMARKS: Rush BTEX ; TPH.
Call Eb Taylor with Results
575 - 408-3130

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

#26

Appendix D
Release Notification and Corrective Action
(Form C-141)

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

OPERATOR

X Initial Report ☐ Final Report

Name of Company Fairway Resources Operating LLC	Contact Matt Eagleston
Address 538 Silicon Drive, Suite 101, Southlake, Texas 76092	Telephone No. (817) 416 1946
Facility Name South Red Lake II Unit 30	Facility Type Well Location

Surface Owner BLM	Mineral Owner BLM	Lease No. NML C 028755A

30015012222

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
"O"	35	17S	27E					Eddy

Latitude_____ Longitude_____

NATURE OF RELEASE

Type of Release Produced Water / Crude Oil	Volume of Release Unknown	Volume Recovered 0
Source of Release Daily Operations	Date and Hour of Occurrence Unknown	Date and Hour of Discovery
Was Immediate Notice Given? ☐ Yes X No ☐ Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? ☐ Yes X No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Historic crude oil and produced water impact was discovered during reclamation of the well pad and appears to be the result of daily operations at the well site.

Describe Area Affected and Cleanup Action Taken.*
Release site will be remediated to NMOCD Artesia District Office requirements.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature:	OIL CONSERVATION DIVISION
Printed Name: John J. Pulte	Approved by District Supervisor:
Title: Operations Engineer	Approval Date: 4-8-10 Expiration Date: 6-8-10
E-mail Address: jpulte@fairwayresources.com	Conditions of Approval: Attached ☐
Date: 2/25/10 Phone: 817-416-1946	

* Attach Additional Sheets If Necessary

RECEIVED
MAR 02 2010
NMOCD ARTESIA